

Message Text

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63

ORIGIN EA-10

INFO OCT-01 ISO-00 EB-07 COME-00 AGR-05 RSC-01 /024 R

DRAFTED BY EA/K:HFNEWSOM:SPB

APPROVED BY EA/K: DODONOHUE

EB/ICD/FTD: WCMIMS (DRAFT)

EA/EP: AGEBER (DRAFT)

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P 250024Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY SEOUL PRIORITY

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E.O. 11652: DECONTROL DEC. 31, 1975

TAGS: EAGR, EFIN, KS

SUBJECT: PAYMENT FOR FORWARD CONTRACTS FOR COTTON

REF: SEOUL 348

1. AMERICAN COTTON SHIPPERS ASSOCIATION (ACSA) HAS TOLD DEPARTMENT WITH CONSIDERABLE ALARM THAT DAINONG COMPANY, REPORTEDLY LARGEST MILL WITH 40-50 OF COTTON CONTRACTS, HAS TAKEN POSITION THAT IT WILL NOT, REPEAT NOT, ISSUE LC FOR OVERDUE COTTON CONTRACT WHETHER OR NOT CCC CREDIT UTILIZED. INSTEAD, FIRM PROPOSES RENEGOTIATION WHEREBY CASH WOULD BE PAID FOR THAT QUANTITY OF COTTON AT CURRENT PRICE AND NOTE, PAYABLE IN FIVE YEARS AND GUARANTEED BY SOME KOREAN ENTITY, WILL BE GIVEN FOR DIFFERENCE BETWEEN CONTRACT AND CURRENT PRICE. Y. H. PARK OF DAINONG REPORTED TO BE SEEKING DPM SUPPORT FOR HIS PROPOSAL AND HAS SO INFORMED OTHER MILLS WHICH ARE NOW CLAMORING FOR SAME TREATMENT.

2. ASCA SAYS DAINONG PROPOSAL IS UNACCEPTABLE TO ALL US SHIPPERS AND HAS SO INFORMED ITS REP IN KOREA. ACCEPTING PROPOSAL WOULD HAVE SERIOUS REPERCUSSIONS IN OTHER EA COUNTRIES.

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3. PLEASE VERIFY THIS REPORT AND IF ACCURATE DISCUSS

WITH ROKG IN LIGHT OF DPM STATEMENT REFTEL TO YEUTTER.
REQUEST RESPONSE AS SOON AS POSSIBLE. INGERSOLL

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Message Attributes

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Decaption Note:
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